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20 February 1962

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# CENTRAL INTELLIGENCE BULLETIN



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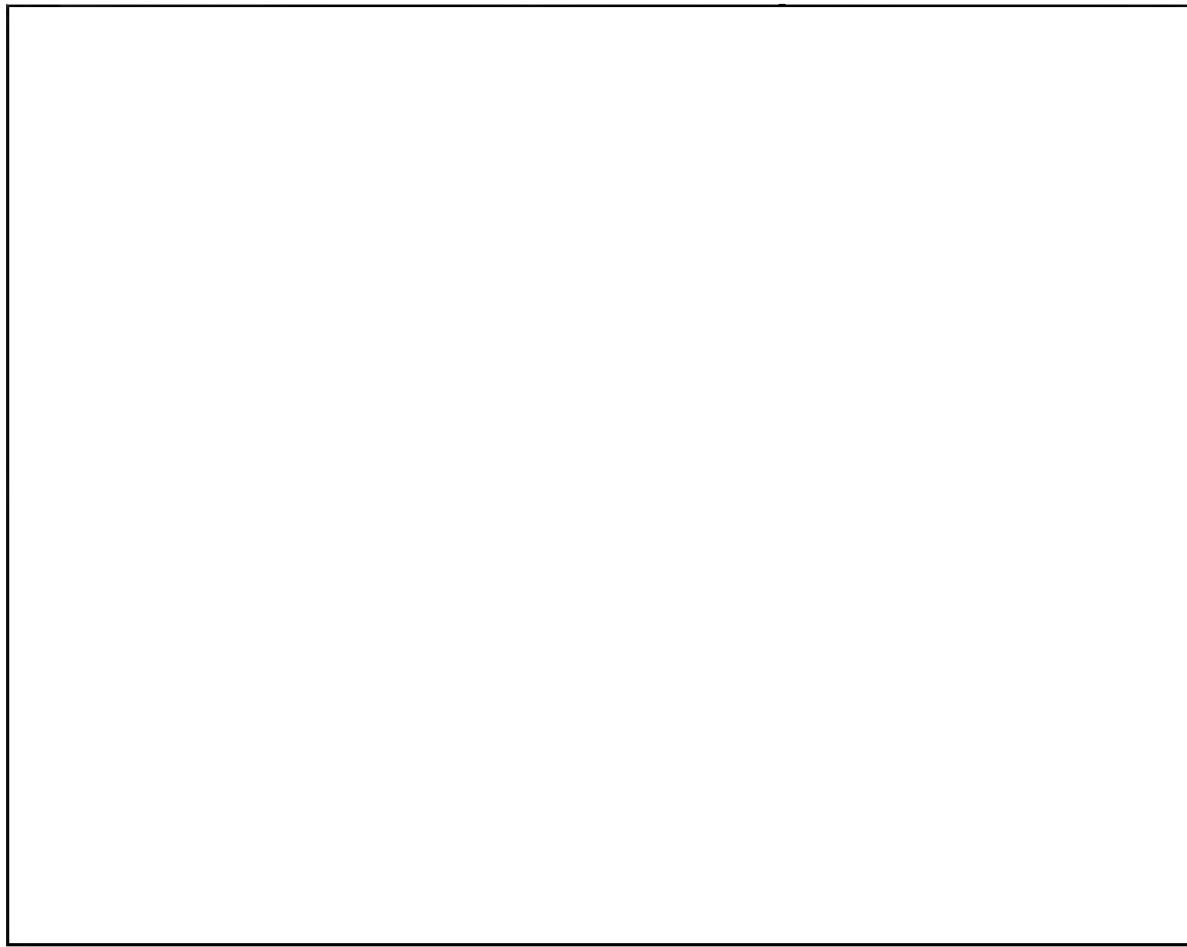
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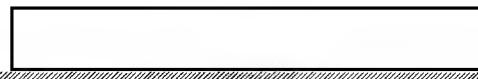
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North - South Vietnam: Hanoi on 18 February issued a declaration assailing the recently established US military command in Saigon and formally charging that this "most serious act of military aggression" is a direct threat to the security of North Vietnam. This statement is apparently designed to stir international apprehension in hopes this will have some restraining influence on the US, or, failing this objective, to justify some Communist countermove. In December 1960, the North Vietnamese preceded the moves of a few artillerymen into Laos with such charges. At that time, however, they also pointedly told foreign representatives in Hanoi that North Vietnam had decided "not to remain inactive." No such specific threat appears in the 18 February declaration.

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Communist China - Australia: [Members of the Australian Wheat Board report that Communist China wants to buy additional grain on the same credit terms as in previous sales-- 10 percent cash, 40 percent in six months, and the balance at the end of one year. The Australians expect to send a representative to Hong Kong to conclude negotiations for at least 500,000 tons of wheat. Since the Chinese have been meeting the payment terms of current contracts, now approaching completion, and are expected to make further purchases later in the year, the chairman of the Wheat Board thinks it unlikely the board would insist on cash and forego sales on credit. Australian concern over keeping the door open to the Chinese market is further influenced by an anticipated "unmanageable" surplus in the next wheat crop. China has already contracted for 1962 delivery of at least 1,500,000 tons of grain from Canada and France, and further purchases are expected.] (

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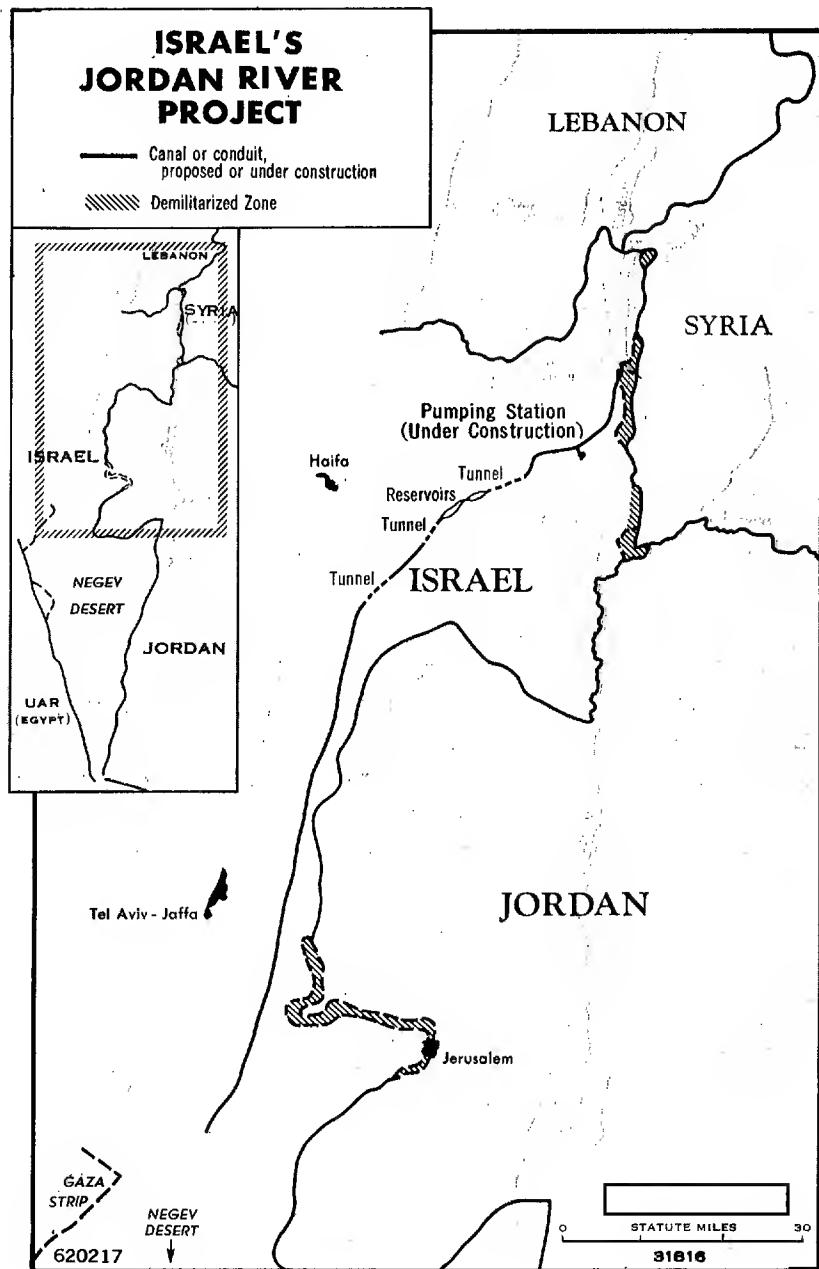
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Arab States - Israel: The Syrian and Jordanian governments are taking steps to demonstrate their determined opposition to Israel's preparations for diverting water from the

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Jordan River, apparently in response to intensified Egyptian propaganda accusations that they have been remiss in not effectively opposing the Israeli scheme.

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[REDACTED] recent pronouncements concerning Syria's determination to retaliate against any Israeli move to divert Jordan River water were made because of the pressure from Cairo.] There has been no deployment of Syrian forces for action against the Israelis, and the Syrians reportedly are reluctant to have a border crisis at this time. An exchange of fire nevertheless took place along the Israeli-Syrian border on 16 February. Meanwhile, the secretary general of the Arab League, at Jordan's invitation, has discussed possible Arab countermoves with officials in Amman. He will hold similar talks in Damascus and Beirut. The Arab League Council will take up the matter in March.

Contrary to the rumors circulating in the Arab world, implementation of even the first stage of the Israeli project is not imminent. The American Embassy in Tel Aviv estimates that the first stage--the scheme for pumping water out of Lake Tiberias into the national water system--is not likely to be operational before the end of 1963.

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[REDACTED]

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[Redacted]

Turkey: [Redacted]

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[Redacted] In a new effort to placate the military, Inonu, during an 18 February radio speech, again insisted that civilian elements accept the legitimacy of the May 1960 military coup. He charged some politicians and intellectuals with abuse of press and personal freedoms to undermine his government. The lower house budget debate, scheduled for late February, may create new frictions by providing Justice party opponents of the military an opportunity to voice their dissatisfaction with their party's present role in the coalition.)

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[Redacted]

Finland-Britain: (The Finnish Government desires a "re-interpretation" of the 1947 peace treaty to permit Finland to acquire short-range guided missiles. According to the Finns, the USSR has agreed to this change and will also supply the missiles. Britain, however, is reluctant to consent to such a "reinterpretation" and feels Finland should approach all signatories--Commonwealth countries and other states which declared war upon Finland during World War II, at the behest of the USSR--to obtain a proper legal waiver of conditions.) [Redacted]

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[Redacted]

British Guiana: (Although the ending of the general strike by labor leaders has removed the immediate threat to Premier Jagan's government, an extended period of instability in which)

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[Redacted]

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additional interracial outbreaks may occur appears likely. Not all sections of organized labor responded on 19 February to the leadership's call to resume work, and "low-level rumors" reaching the consulate general indicate the opposition may be planning another showdown for 21 February. In any case, the consul general feels that the violence of 16 February has probably made the gulf between the races--particularly the East Indian vs. Negro and the East Indian vs. Portuguese--unbridgeable for the present. Under these circumstances, and with the British troop reinforcements still needed to help maintain order, London will probably postpone the independence conference now, scheduled in May.]

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Panama: The Panamanian Government is increasingly impatient to begin renegotiation of the treaty covering the Canal Zone and may not wait for completion of current US studies on the feasibility of a sea-level canal to press its case publicly. Foreign Minister Solis said, in a press conference on 6 February, that negotiations would begin in March, and President Chiari told the American ambassador that he felt renegotiation should begin no later than May. The US ambassador reports that President Chiari, while understanding the US position, will nevertheless be markedly influenced by the growing internal pressure for renegotiation. Radiobroadcasts and additional reports indicate that other Panamanian officials, businessmen, and information media may be preparing a campaign to embarrass the United States in an attempt to influence some action.]

(Backup,

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\*Ecuador: [The US Army Attaché in Quito reported "extraordinary military activity" in the Quito area on 19 February. All units in the area were put on full alert, weapons reportedly were emplaced and loaded, and the commanding officer of the army was reported to be making anti-Communist speeches to all Quito area personnel. According to the attaché, the purpose of the alert is not yet clear but may be related to rumors, which have been officially denied, of an impending cabinet shake-up. The army commander, Lt. Col. Carlos Arregui, was previously reported to be a member of the group which had planned in late January to issue an ultimatum to President Carlos Arosemena demanding that he cease placating his leftist supporters. Because of disunity within the group, however, and Arosemena's recent anti-Communist statements to the press, the ultimatum was never delivered. President Arosemena, who was aware of the plans to deliver an ultimatum, has since strengthened his position, but the basic problems of ineffective national leadership will continue to produce tensions and a critical situation could develop at any time.]

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Arab Reaction to Israeli Diversion Project

The UAR, which no longer has responsibility for developments affecting the Israeli-Syrian border, on 15 February leveled one of its most pointed propaganda attacks on other Arab governments for their inaction regarding Israel's Jordan River plans. An Egyptian press article, quoted by Cairo radio, criticized Syria and Lebanon for not having implemented plans for preventing water from reaching Israel through tributaries originating in those countries and accused the Jordanian Government of failing to carry out its threats to oppose the Israeli "plot." "Where were King Saud, King Husayn, and Abd al-Karim Qasim when the Jews were building, digging, and constructing," the article asked. The ineffectiveness of the "consultations" by the Arab League on the subject was also criticized.

The Syrian army commander in chief's televised speech last week, in which he said the Syrian Army is determined to use "every means" to prevent Israel from diverting the Jordan River, apparently was designed mainly to rebut such Egyptian accusations.

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The pumping plant the Israelis are building on the northwest shore of Lake Tiberias is still far from finished. An American Embassy officer, who visited the site last week, reported that there was no pumping equipment there, that some excavation was still going on, and that construction of the intake facility was only commencing. Much work also remains on the network of canals, conduits, and tunnels which are scheduled to begin conveying water from Lake Tiberias to Israel's southern wasteland in the winter of 1963-64, completing the first stage of the project. The Israelis hope by 1969 to be able to implement their long-range plan for diverting part of the Jordan River in the demilitarized zone above Lake Tiberias.

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Rising Panamanian Pressure for New Canal Zone Treaty

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Panamanians claim that the United States has always been slow in responding to Panama's complaints and requests for treaty adjustments and in implementing treaty revisions. They are now determined to obtain a new treaty which would acknowledge Panamanian sovereignty over the Zone and include a terminal date in place of the perpetuity clause of the basic 1903 treaty. At the same time, they probably prefer that the US retain management control over the existing canal or a new one in order to ensure the efficient operation, protection, and financial return which most Panamanians admit they could not themselves provide.

Foreign Minister Solis told the press on his return from Punta del Este that Secretary Rusk had said he was "deeply interested in conversations for a new canal treaty which would be on a basis quite different from the antiquated basis of the present treaty." Panamanian news media have played this heavily and emphasized that negotiations were imminent. When Ambassador Farland told Solis the latter had misinterpreted Secretary Rusk's statement, the foreign minister promised to "clarify" the situation, but he apparently has done nothing further. On 8 February a newspaper run by leaders of one party of the government coalition mentioned the selection of a committee to study a new treaty and praised the inclusion of rabid nationalist Aquilino Boyd, head of the legislature's foreign affairs committee and former foreign minister.

Panama may resort to the pressure tactics that the vice foreign minister and others have said they consider effective in dealing with the US. [redacted] the Chiari administration plans to award oil exploration rights in the Canal Zone to a Texas firm in order to demonstrate Panama's claimed sovereignty there. In 1958 a member of Chiari's Liberal party--then in opposition--petitioned for exploration rights in a move

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to embarrass the De la Guardia government but evidently was persuaded to drop the issue. Panamanian officials from time to time talk of asking the International Court of Justice to rule on the validity of the treaty--particularly its perpetuity clause.]

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The Deputy Under Secretary of State for Political Affairs

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